Northern Development Initiative Trust

Message from the Chair and CEO

In 2008, Northern Development Initiative Trust invested in excess of $15.6 million into projects stimulating economic growth and capital investment across central and northern BC. From inception just over three years ago to the end of 2008, the Board committed over $45 million into investments that were matched on a $1.00 to $5.49 basis for total project investments exceeding $291 million. These project investments will result in new jobs, construction spending and economic growth throughout Northern Development's region.

In addition to its conservative balanced investment portfolio of $150.1 million on December 31, 2008, Northern Development had project loan receivables from investing in community capital projects, which combined for a capital base of $166.7 million. When the current base capital of $166.7 million is combined with the $33 million already deployed in communities, the value of what Northern Development has invested in communities and business has grown by 8.1% above the $185 million base. From January through early April 2009, there has been an additional $4 million invested into new capital projects and investment portfolio income of $4.5 million. Cash outflows of $33 million from 2005 to December 31, 2008 have been directed toward project partnership loans and investments into all of the communities which have leveraged a significantly larger amount of investments. There has been $263 million attracted into initiatives in which 40 communities, 16 First Nations and rural areas have identified as priorities for diversification and development. This investment has resulted in new jobs, new businesses committed to expanding, new revenues, enhanced tax base, and additional exports of manufactured goods outside this region.

Targeting these funds toward economic development has improved the quality of life in communities like Terrace which began a campaign late in 2008 to become Canada's next Hockeyville. Terrace leveraged other funds with the Trust's $3 million investment and significantly expanded the Terrace Sportsplex and Events Centre. Terrace has already seen substantial new revenues in the local economy as a result of expanding this facility. This revenue will be repaid back to Northern Development, which enables them to utilize those funds for other community priorities.

The Northern Development Initiative Trust is instrumental in the creation of seven new community foundations in central and northern BC. Through Northern Development, there is increased investment in feasibility studies that is available to all communities for engineering and business case work to assist them in accessing new federal and provincial infrastructure funding. The feasibility studies provide the communities the ability to determine and fund a variety of priorities, from new capital projects and downtown revitalization, to innovative trades training, to ensuring that more energy sector dollars are spent with BC suppliers in the northeast.

Every incorporated community and regional district from Lytton north to Fort Nelson, and from Valemount through to Haida Gwaii has been invested in by this northern based board of community and business leaders. The goal is to directly and through leverage, see between $1 and $2 billion flow into the projects Northern Development funds over each 10 year period, and still have the capital base to continually set that goal every decade.

As a "catalyst for opportunities" Northern Development seeks projects with strong collaboration and partnerships and through this philosophy, communities, non-profits and First Nations have managed to access $5.49 in funding from other sources for every $1 invested by the Trust. The power of leveraging is clearly demonstrated in the overall impact that Northern Development is having. Some of the projects moving forward include the Sam Lindsay Pool retrofit in Kitimat for $13.8 million, the Smithers Airport Runway extension for $5.5 million, the Terrace Sportsplex for $9.9 million, the Vanderhoof Airport Lighting and Navigation project for $1.6 million, the Prince George Airport Runway Extension for $36 million, the Northwest Powerline Environmental and Cultural Assessments for $10 million, the Northern Sport Centre at UNBC for $30.5 million, the Northern Opportunities Program in the northeast for $4.6 million, the Geoscience Airborne Geological Surveys for $5.2 million, and the Haida Heritage

Centre exhibits expansion for $7.6 million. These are just a few of the projects that are transforming the central and northern economy, and point to the value of having regional decision making and resources to partner in economic diversification initiatives.

Good governance of a regional economic development corporation such as Northern Development should respect the ability of communities to set priorities, and provide support to business to create jobs. Northern Development has a record of low overhead, prudent long term strategies for financial management, strong due diligence and no bureaucracy. The only way to meet regional needs of today and steward the funds for future generations is to take the long term approach. A conservative portfolio managed for 6% average annual returns over 10 year cycles is required. There is no doubt that 2008 was a rocky year for most investment portfolios; personal, institutional, foundations and endowments. Like a house fluctuating in value over the years, you have not lost money unless you have to sell at a low market valuation. We are extremely fortunate that this Board employs conservative investment policies and we did not have to liquidate equities at a loss to fund project committments. A strong cash and short term bond position is always kept to fund the upcoming three years of projected disbursements to projects that will expand our economy. As a result, funding for central and Northern BC's economic expansion will continue at current levels and is not impacted by any fluctuations in the investment market.

Unlike a community foundation or university endowment fund, Northern Development is set up to be able to invest in communities through a combination of investment returns and base capital. Northern Development's, base capital has been deployed into many worthy and strategic projects that diversify local economies. At inception, the Board had the foresight to build a long term investment strategy utilizing both a balanced portfolio and direct capital investments in community infrastructure.

Northern Development Initiative Trust is doing everything right to be a model for sustainable economic development in central and northern BC. The Board has positioned the organization to enable Northern Development to deliver sustainable long-term value with programs to support communities, First Nations, non-profit societies and businesses.

Northern Development Initiative Trust will continue to build on its track record of delivering innovative programs, ensuring high client satisfaction, and providing central and northern BC the tools and capacity to make "decisions in the north – for the north."

Bruce Sutherland
Chair

Northern Development Initiative Trust

Janine North
Chief Executive Officer

Northern Development Initiative Trust

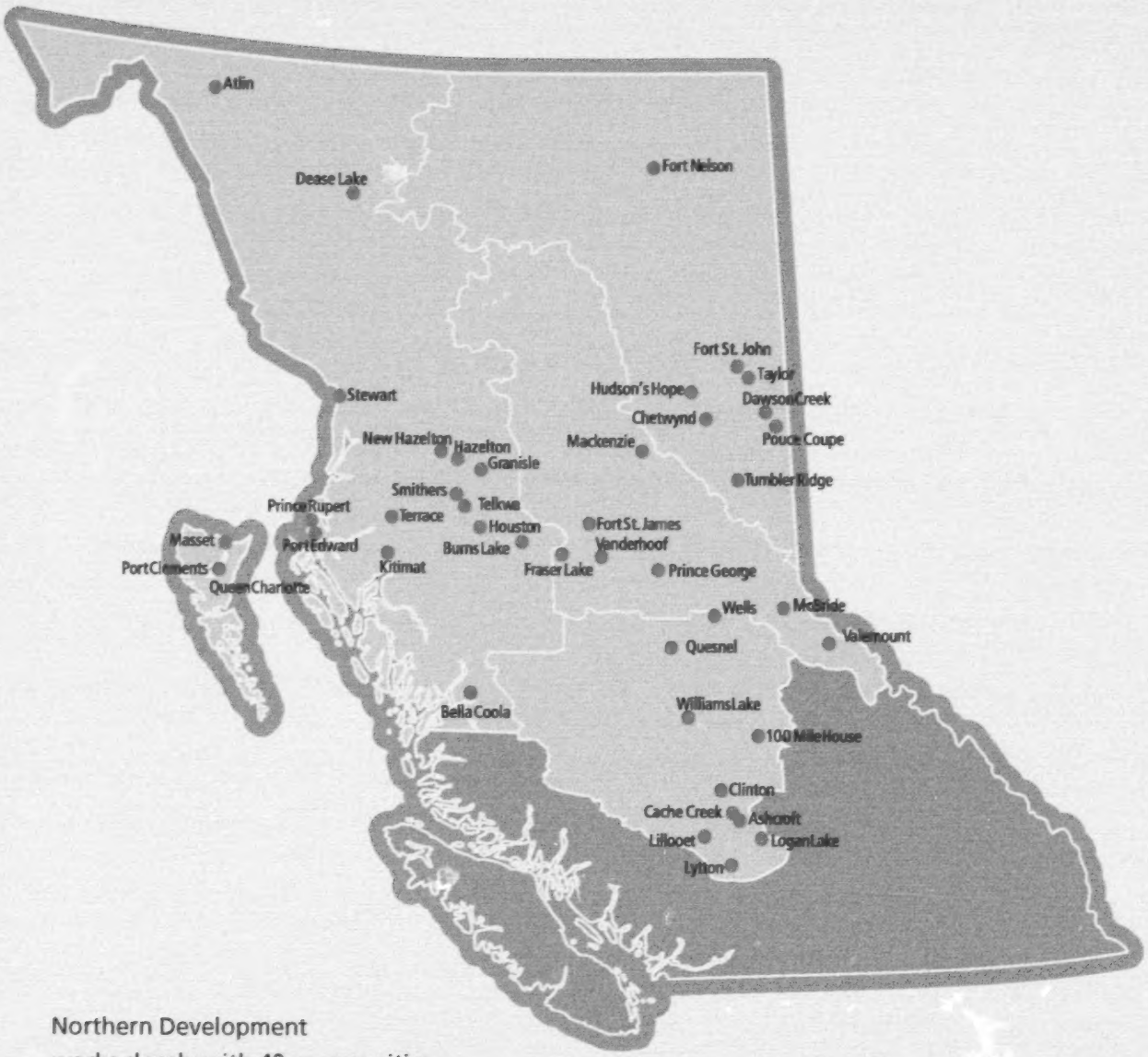
Our Vision

Northern BC has world-class industries,
diversified regional economies and growing, energetic communities.

Our Mission

To be a catalyst for northern BC to grow a strong diversified economy by stimulating sustainable economic growth through strategic and leveraged investments.

Northern Development Regions



Northern Development works closely with 40 communities, 9 regional districts and 85 First Nations across 70% of British Columbia's geography.

2008 Northern Development Board of Directors

Bruce Sutherland, Wolftek Industries Ltd., Prince George, BC - Chair

Mayor Nate Bello, City of Quesnel, BC - Vice Chair

Mayor Calvin Kruk, City of Dawson Creek, BC (deceased)

Mayor Jim Eglinski, City of Fort St. John, BC

Mayor Ella Brown, Logan Lake, BC

Mayor Len Fox, District of Vanderhoof, BC

Mike Tarr, Northern Saving Credit Union, Prince Rupert, BC

Mayor Colin Kinsley, City of Prince George, BC

Lita Powell, Licar Property Management, Taylor, BC

Mayor Sharon Smith, District of Houston, BC

Mayor Jack Talstra, City of Terrace, BC

Paulette Flamond, Northeast Aboriginal Business Centre, Fort St. John, BC

Fred Punko, CGA, Prince George, BC

Northern Development is managed by a board of thirteen directors of which eight are elected officials and five are business leaders appointed by the Government of British Columbia. As a result of municipal elections held in late 2008, eight new board members were appointed to the Northern Development Initiative Trust in January 2009.

Officers

Janine North - Chief Executive Officer
Bryan Lockhart - Chief Financial Officer

2008 Regional Advisory Committees

Northwest Regional Advisory Committee

Town of Smithers
District of Stewart
Village of Hazelton
Village of Burns Lake
District of Port Edward
Regional District of Bulkley-Nechako
Village of Masset
Skeena-Queen Charlotte Regional District
Central Coast Regional District
Village of Port Clements
Village of Granisle
City of Prince Rupert
District of New Hazelton
Village of Telkwa
Village of Queen Charlotte
City of Terrace
District of Kitimat
District of Houston
Kitimat Stikine Regional District
Stikine - Atlin / Dease Lake
MLA - Skeena
MLA - North Coast
MLA - Bulkley Valley - Stikine

Prince George Regional Advisory Committee

Regional District of Fraser-Fort George
District of Mackenzie
Village of McBride
District of Vanderhoof
Village of Fraser Lake
City of Prince George
District of Fort St. James
Village of Valemount
Regional District of Bulkley-Nechako
MLA - Prince George-Omineca
MLA - Prince George-Mount Robson
MLA - Prince George North

Cariboo-Chilcotin/Lillooet Regional Advisory Committee

District of Lillooet
City of Quesnel
Village of Lytton
Village of Ashcroft
District of 100 Mile House
City of Williams Lake
Village of Clinton
District of Logan Lake
Village of Cache Creek
District of Wells
Cariboo Regional District
Squamish-Lillooet Regional District
Thompson-Nicola Regional District
MLA - Cariboo North
MLA - Cariboo South
MLA - Yale/Lillooet

Northeast Regional Advisory Committee

District of Chetwynd
City of Dawson Creek
Regional Municipality of Northern Rockies
District of Tumbler Ridge
District of Hudson's Hope
Peace River Regional District
City of Fort St. John
District of Taylor
Village of Pouce Coupe
MLA - Peace River South
MLA - Peace River North

Pine Beetle Task Team

includes directors or representatives from:

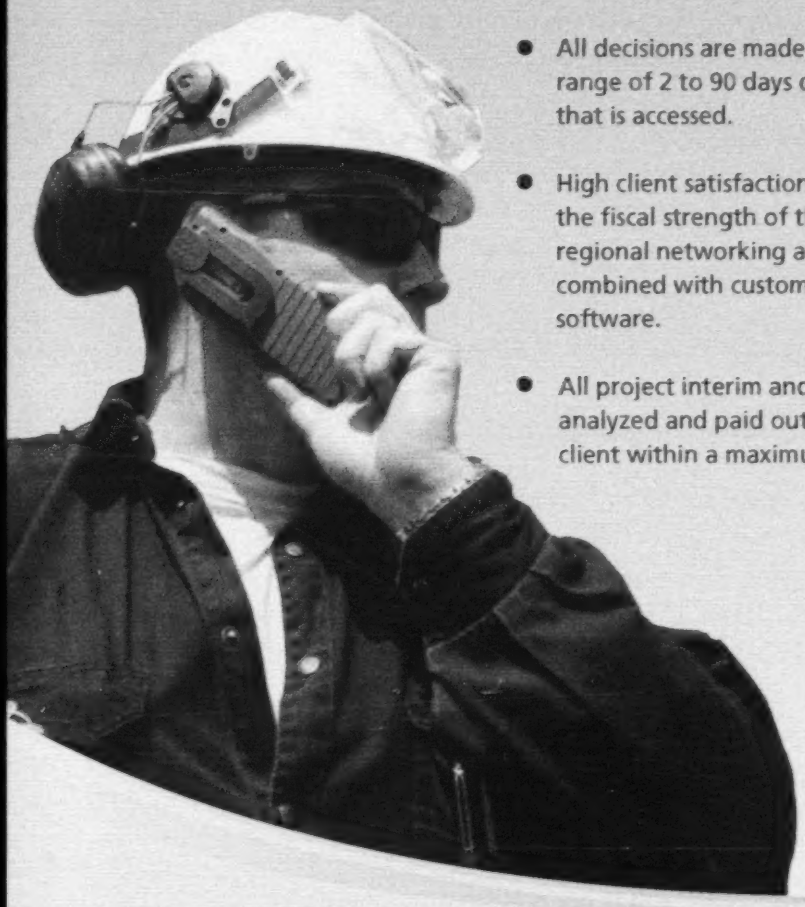
Northern Development Initiative Trust
Omenica Beetle Action Coalition
Cariboo-Chilcotin Beetle Action Coalition
Southern Interior Beetle Action Coalition
Northeast Communities
First Nations Leadership Council

Catalyst for Positive Economic Change in Central and Northern BC

The Northern Development Initiative Trust is an independent sustainable, regional economic development corporation initiated in 2005 by the Province of British Columbia with $185 million on the principle that **"the best economic development decisions for the north should be made in the north"**.

Northern Development's core competency is highly effective and non-bureaucratic due diligence and decision making across a range of 9 community and business programs utilizing grants and loans with a continuous intake process. An executive team of 7 staff centrally based in Prince George serves the corporation.

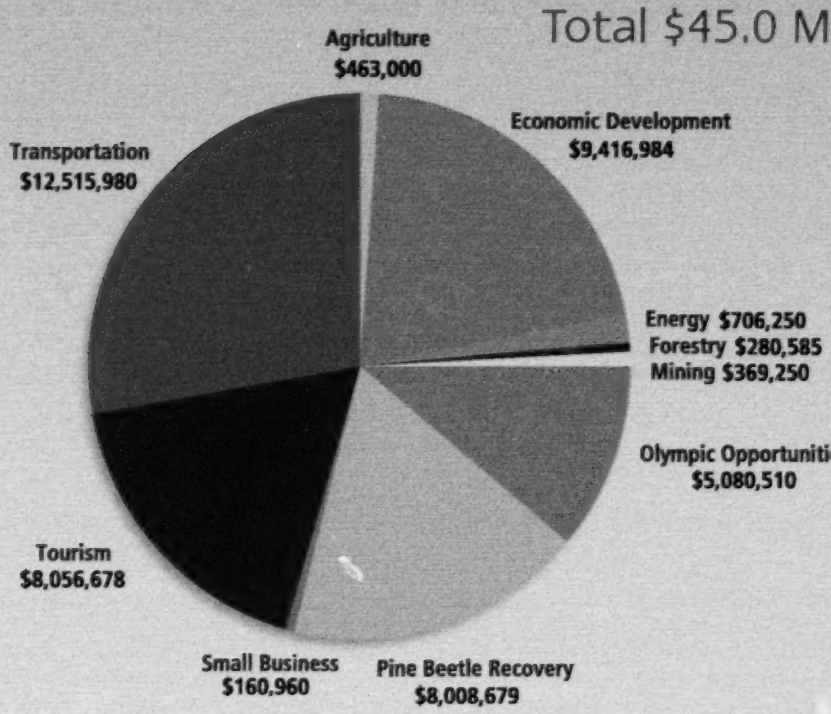
- Local intelligence compels strong decisions and effective resource allocation. Board and staff are advised by 5 regional committees made up of over 70 locally elected officials as well as representatives of regional pine beetle action coalitions and First Nations.

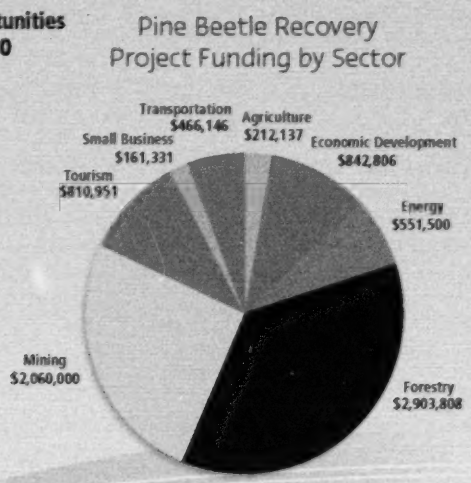


- All decisions are made and communicated to clients in a range of 2 to 90 days depending on the particular program that is accessed.
- High client satisfaction and flawless annual audits attest to the fiscal strength of the management team which utilizes regional networking and strong project management combined with custom developed 'Trust Manager' database software.
- All project interim and final payment submissions are analyzed and paid out to the community or business client within a maximum of 10 working days.

Funding Mandates

The design of the funding programs is specifically targeted toward investments in self sustaining projects that support the ten mandated themes as defined in legislation. There are no defined targets for each mandate area and projects are approved on their merit:





Three mandatory performance measures are job creation, new revenues and leveraging funding from other sources. Optional measures describe other benefits to the local or regional economy.

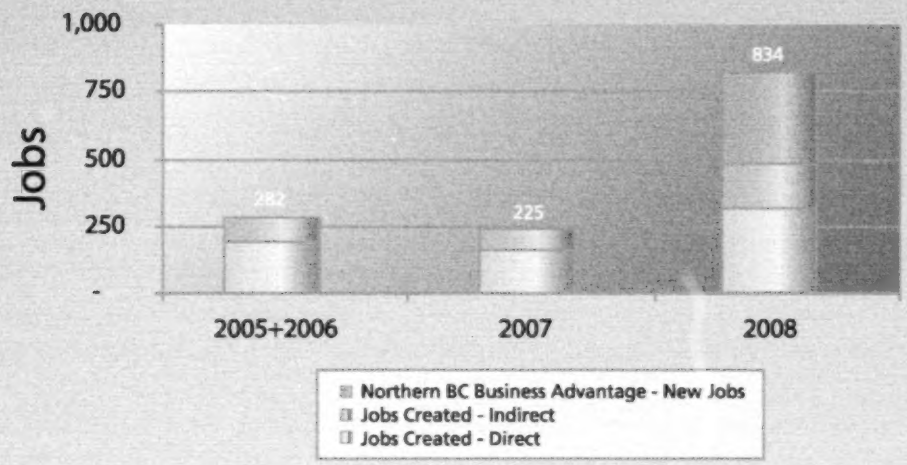
Job Creation in 2008

Through the 263 active projects, over 206 construction positions injected over $16 million in wages and $25 million in supplies, representing an 80% increase over 2007. An estimated 166 indirect jobs are associated with capital projects.

100 full time equivalent jobs were created through other community projects including grant writers and economic development personnel, representing a 182% increase over the prior year.

Under the Capital Investment and Training Rebate program, businesses have committed to creating and training 362 new manufacturing jobs throughout the region

Total Job Creation by Year



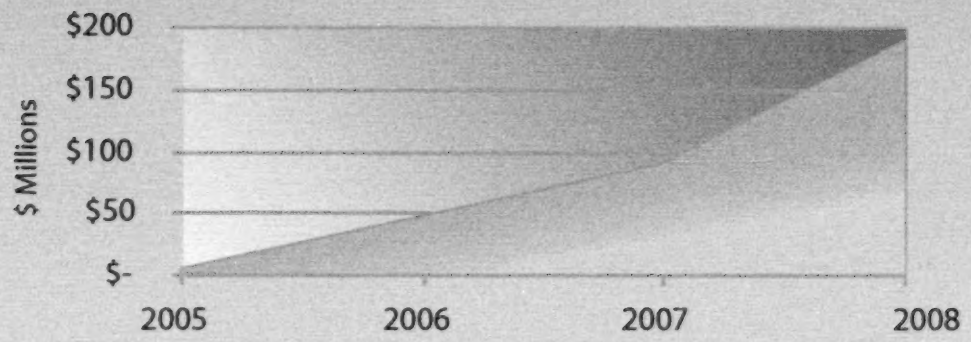
1,341 jobs

have been reported from actual project spending from October 2005 through December 2008.

Total Project Spending in 2008

Project spending increased in 2007 by 22% from $42 million to $51 million. Since inception in the fall of 2005, total spending on projects that involve Northern Development funding has reached over $190 million.

Accumulated Investments in Central and Northern BC Involving Northern Development Funding



- In four years, Northern Development has funded 263 projects to December 31, 2008 with $45 million in grants and loans. Total project funding from 2005 through 2008 was $291 million, including $246 million from other sources including local, provincial and federal governments, non-profits, businesses, First Nations and other trusts and foundations.

- Since the inception of the Trust, project proponents have obtained (leveraged) grants and loans of $5.49 from other sources to each dollar committed by Northern Development. This has yielded a leveraging measure for total project investments of 649%. This exceeds the Board's original goal of $1 to $2.50 and has dramatically increased capital investment in the four regions.

	2005	2006	2007	2008	Since Inception	Target
Northern Development	**$1.00**	**$1.00**	**$1.00**	**$1.00**	**$1.00**	**$1.00**
Funding Partners	**$4.97**	**$5.33**	**$5.02**	**$5.55**	**$5.49**	**$2.50**
Total Leveraging	**597%**	**633%**	**602%**	**655%**	**649%**	**350%**

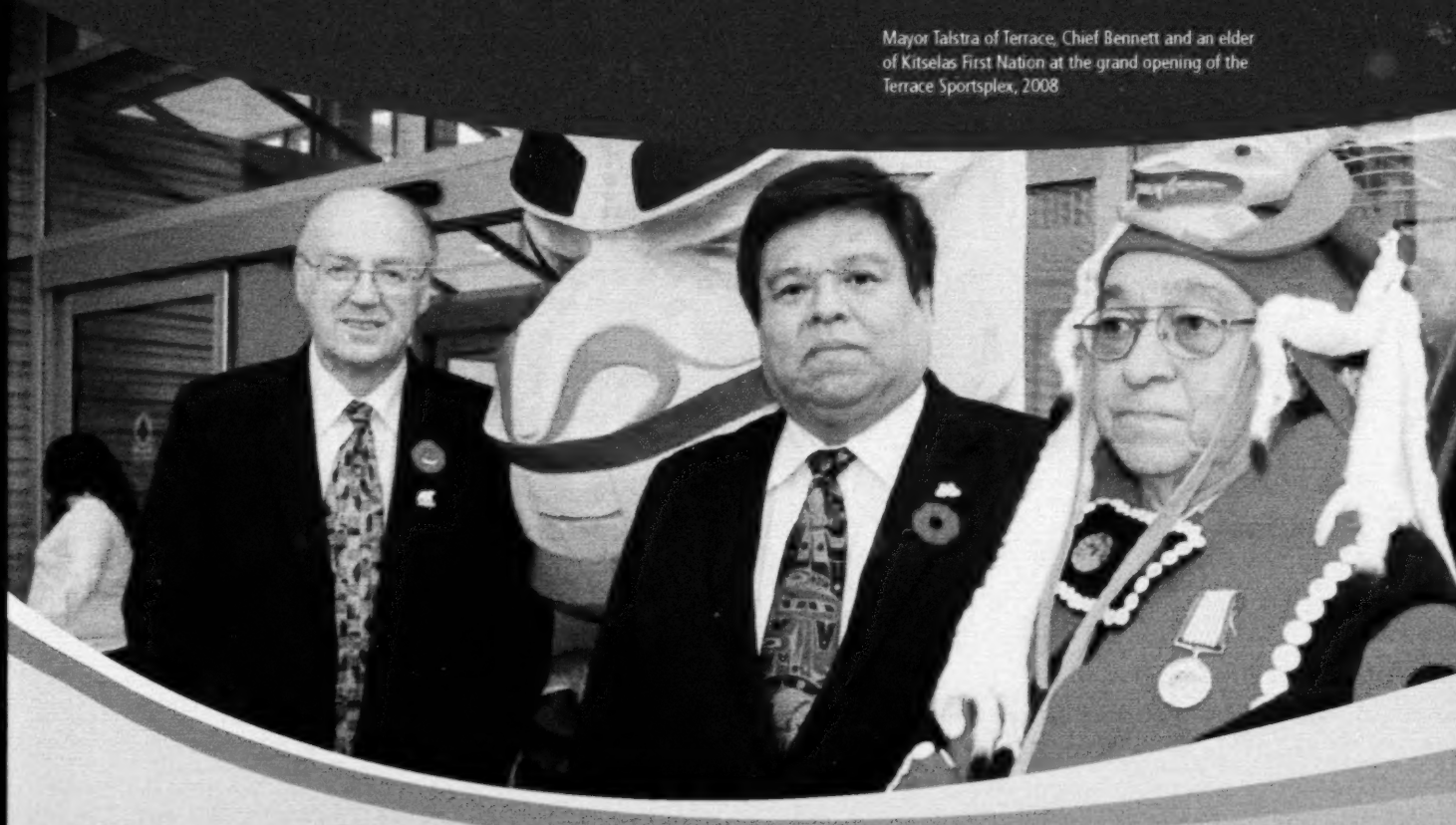
A significant portion of project funding has been approved in the form of loans to maintain the sustainability of Northern Development funding. $20.1 million or 45% of the $45 million approved to date is repayable to Northern Development and will become available in the future for new project grants or loans.

Strong First Nations Leadership

Since it's inception Northern Development has invested $5.9 million and over 14% of its funding into 27 economic development projects that are directly led by First Nations or involve and are supported by them, to generate strong benefits for First Nations communities.

There has been strong collaboration between local governments and First Nations in the development, funding and implementation of projects that will positively impact the economy of BC. We all benefit from the strong working relationships between leadership in the north.

Northern Development also connects business directly with First Nations and incorporated communities, and partners with First Nations focused foundations to improve the vulnerable economy in these culturally rich communities.



Mayor Talstra of Terrace, Chief Bennett and an elder of Kitselas First Nation at the grand opening of the Terrace Sportsplex, 2008

FIRST NATIONS PROJECTS	AMOUNT
Northern Shuswap First Nations 108 Museum Society Feasibility	$36,917
Central Coast - Broadband Network	$60,000
Xeni Gwet'in Traditional Village	$125,000
Likely Tourism Signage	$12,879
Sports Fishing Marina Electrification	$38,242
Kitimat Break Bulk Port Facility Feasibility Study	$154,980
Haida Heritage Centre Exhibitions Expansion	$1,500,000
Pathways to Gold Society	$10,000
New Pathways to Gold Society Tourism Assets	$246,247
Haida Heritage Centre Exhibitions Expansion	$500,000
Fort St. James-Mackenzie Connector - MacLeod Lake Band	$60,000
Moricetown Supported Work/Manufacturing Centre	$100,000
Moberly Lake Fire Truck Water Recharge System	$75,000
Old Masset Community Kitchen	$30,000
Northwest Power Line Business Case	$30,000
Mount Moresby Adventure Camp Upgrades	$20,000
Bringing the Challenger Map to Lytton	$18,000
Central Coast Data Broadband Initiative - Bella Coola	$30,000
Lillooet Mobile Welding School - Level "C" Ticket	$112,000
Northern Opportunities Program	$405,900
100 Mile House Industrial Hemp Commercial Scale Pilot Project	$22,350
Northwest Community College School of Exploration & Mining	$100,000
Port Edward Infrastructure Development for Community Expansion	$350,000
Enterprising Non-Profits Program	$61,000
Kitimat Sam Lindsay Memorial Pool Retrofit	$1,653,563
Cariboo Region Trail Maintenance and Promotion	$24,000
Smithers School of Exploration and Mining - Mobile Training	$100,000
TOTAL FIRST NATIONS PROJECTS:	**$5,876,078**

Northern Development invested in the Haida Heritage Centre at Kaay Llnagaay - a magnificent 53,000 square foot cedar multi-complex consisting of five contemporary monumental timber longhouses

Unique Job Creation Business Incentives

Northern Development launched the Northern BC Business Advantage in 2008 to support businesses expanding and creating jobs in the manufacturing sector. The Capital Investment and Training Rebate has resulted in the commitment of 362 new jobs and over $23 Million of investments by business in less than 4 months.

NORTHERN BC BUSINESS ADVANTAGE

"The Capital Investment and Training Rebate is supporting our company to engineer and manufacture pellet-fired boilers capable of competing with European systems in emission levels, while still providing optimal heat production per unit of fuel. There are components that are otherwise only available from the U.S. or Europe. We're manufacturing all the components on site in Prince George now. Northern Development's incentive gave us the ability to go ahead with the work"

Keith Spencer, Director of Operations for BID Group in Prince George, BC

Business Incentives

Capital Investment and Training Rebate

Provides eligible businesses in wealth creating, export driven sectors of the economy with up to $10,000 per new job based on direct capital investment and training expenditures related to the expansion or establishment of a business where 2 or more new jobs are created.

2008 at a glance

2008 investments	**5 Projects**
Job Creation	**362 Jobs**
Amount of investment	**$2.9 Million**
Leverage $1.00 Northern Development to	**$6.94 Other Sources**
Total Investment	**$23.3 Million**

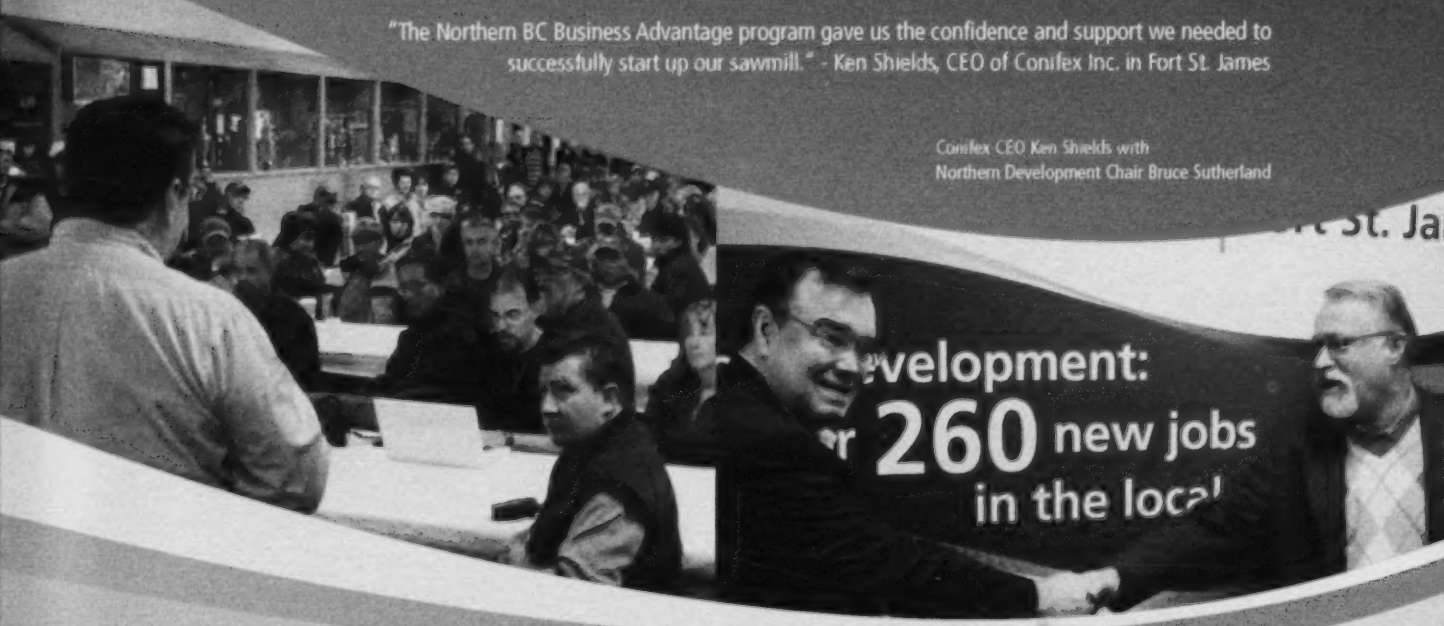
Competitiveness Consulting Rebate

A partnership with the Business Development Bank of Canada to improve the competitiveness of regional manufacturers and their supply chain by offering a 50% rebate to business owners that obtain management consulting expertise that increases productivity, market access and revenues.

2008 at a glance

2008 investments	**22 Projects**
Amount of investment	**$170.0 Thousand**
Leverage $1.00 Northern Development to	**$1.00 Other Sources**
Total Investment	**$340.0 Thousand**

"The Northern BC Business Advantage program gave us the confidence and support we needed to successfully start up our sawmill." - Ken Shields, CEO of Conifex Inc. in Fort St. James



Conifex CEO Ken Shields with Northern Development Chair Bruce Sutherland

Community Funding

Economic Diversification Infrastructure

Provides municipalities, regional districts, First Nations and non-profit groups with funding for projects that serve to diversify local and regional economies, create jobs, and generate new revenues in the region.

2008 at a glance

2008 investments across	29 Projects
Northern Development investment	$5.4 Million
Leverage $1.00 Northern Development to	$5.19 Other Sources
Total Investment	$33.7 Million

Feasibility Studies and Marketing Plans

Provides municipalities, regional districts, First Nations and non-profits with up to $20,000 for feasibility studies that will demonstrate a strong business case for an infrastructure project that will diversify and provide direct measurable economic benefits to the local or regional economy. Marketing products can also be developed to increase revenues in the region.

2008 at a glance

2008 investments across	26 Projects
Northern Development investment	$1.1 Million
Leverage $1.00 Northern Development to	$13.55 Other Sources
Total Investment	$16.0 Million

Industry Attraction

Provides up to $20,000 in matched funding for municipalities, regional districts, and First Nations to undertake focused industry attraction. As a result of this work, communities will understand the needs of the target industry, how they can meet those needs, and implement focused marketing and discussions with senior executives at target companies.

2008 at a glance

2008 investments across	4 Projects
Northern Development investment	$36.0 Thousand
Leverage $1.00 Northern Development to	$0.89 Other Sources
Total Investment	$68.0 Thousand

Grant Writing Support

Provides all municipalities and regional districts within the Northern Development Initiative Trust region with a $7,500 grant to hire a writer/ researcher to prepare grant applications to any and all funding agencies or government programs.

At a glance

Investments since inception	42 Communities
Northern Development investment	$314.0 Thousand
Leverage $1.00 Northern Development to	$0.33 Other Sources
Total Investment	$418.9 Thousand
Total grants applied for	$12.5 Million
Total Leverage	$38.47 Other Sources

Charles Jago Northern Sport Centre, Prince George - a major capital project funded via the Economic Diversification Infrastructure program

Economic Development Capacity Building

Provides $30,000 annually to municipalities and regional districts to ensure stable economic development funding in the region at the local government level. An additional $5,000 is available to each local government, specifically for an annual collaborative project with outcomes that deliver measurable economic benefits to the area.

2008 at a glance

2008 investments across	44 Communities
Northern Development investment	$1.5 Million
Training	14 Economic Development Staff

Community Halls and Recreation Facilities

Provides municipalities, regional districts, First Nations and non-profit groups with a one-time $30,000 grant to improve or expand existing facilities in order to increase the number of events held annually in the community, contributing to service sector revenues in the local economy.

2008 at a glance

2008 investments across	7 Projects
Northern Development investment	$199.2 Thousand
Leverage $1.00 Northern Development to	$10.03 Other Sources
Total Project Investment	$2.2 Million

Community Foundation Matching Grants

Provides all municipalities or regional district electoral areas with up to $50,000 in matched funding to assist with establishment of a dedicated endowment within a registered community foundation over a 2 year period.

2008 at a glance

2008 investments across	6 Projects
Northern Development investment	$310.0 Thousand
Leverage $1.00 Northern Development to	$1.65 Other Sources
Total Project Investment	$820.0 Thousand

Diversification for Pine Beetle Impacted Communities

Additional resources are available to specific communities and First Nations economically impacted by the Mountain Pine Beetle epidemic through access to the 'Pine Beetle Recovery Account'.

2008 at a glance

2008 investments across	45 Projects
Northern Development investment	$7.3 Million
Leverage $1.00 Northern Development to	$5.53 Other Sources
Total Project Investment	$47.7 Million

Northern Development is funding targeted industry attraction initiative
focused on value-added aluminum manufacturing and wind turbin
manufacturing / assembly in the Kitimat-Terrace regio

Community and business client testimonials are the best measure of Northern Development Initiative Trust's strong performance and recognition in the region.

"Northern Development has been very beneficial for the northern communities, particularly smaller communities, and has helped them to overcome some of the roadblocks that were in the way of making projects and opportunities happen."

Mayor Stephanie Killam, Mackenzie, BC

"Every economic development officer in our region would benefit from participating in 'Industry Attraction' training delivered by Northern Development to stay current on new strategies and opportunities to benefit our communities and regions. I highly valued my time with peers and now have a great network that I've met and feel comfortable working with."

April Cheng, Quesnel Community Economic Development Corporation

"With the Northern Development Competitiveness Consulting Rebate and specialist expertise, we are experiencing 'faster to market' speed with our products, enabling us to take advantage of current market demand, especially in the Northeast USA. This consulting project also assisted us in improving our bottom line by investing in research and development to bring new and improved products to market."

Robert Swaan, Owner - Pinnacle Pellet Stoves in Quesnel, BC

"Thank you for the news of Northern Development Initiative Trust funding the Interior Allied Tribes Memorial Project. This additional funding takes us 'over the hump' and I will be issuing the RFP today for construction. Of all the fundraising I have done over the years, working with Northern Development has been the most efficient and professional experience to date."

Paul Mitchell-Banks Ph.D, Cook's Ferry Indian Band, Interior Allied Tribes Memorial Project

"$2 Million in loan and grant support from Northern Development for exhibit development at the Haida Heritage Centre at Kaay Llnagaay has enhanced the Centre as a global tourist attraction for Haida Gwaii. Moreover, Northern Development's investment has directly facilitated funding for the establishment of our $10 Million operating endowment and $1.5 Million in additional funding from other groups."

Miles Richardson, Chair of the Haida Heritage Centre in Skidegate, BC

"As a result of the Northern Development Competitiveness Consulting Rebate and BDC help to identify opportunities for greater productivity and competitiveness, we have grown our business and are successfully competing in markets that were previously inaccessible."

Kam Ghuman, CEO - GLC Controls in Prince George, BC

Northern Development is funding leading edge technology development which could save the oriented strand board (OSB) industry millions of dollars per year

Funding supported establishment of the 100 Mile House Emergency Training Centre

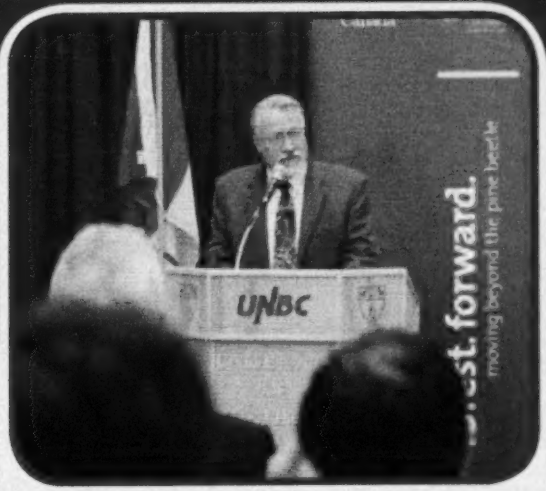
Charles Jago Northern Sport Centre in Prince George, BC

Business incentives assist companies such as Allterra Wholesale Distributing Ltd. to expand their kitchen cabinetry manufacturing operations in Terrace, BC

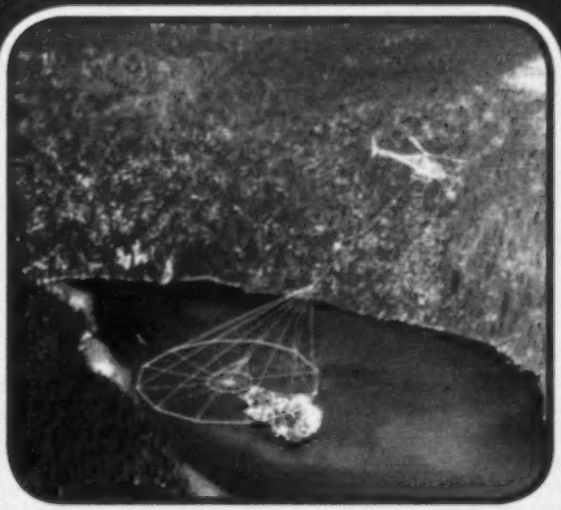
Xeni Gwet'in Traditional Village
regional tourism infrastructure project

Journeyman Welder Tyrell Orcutt, (left), the first former Northern Opportunities Apprenticeship and Dual Credit student to sponsor an apprentice, shakes the hand of his new apprentice welder, Cleve Rodtka

Northern Development has invested $3 Million
in funding towards upgrades
at the Terrace Sportsplex



Northern Development Chair Bruce Sutherland
announces funding for UNBC technology
commercialization initiatives

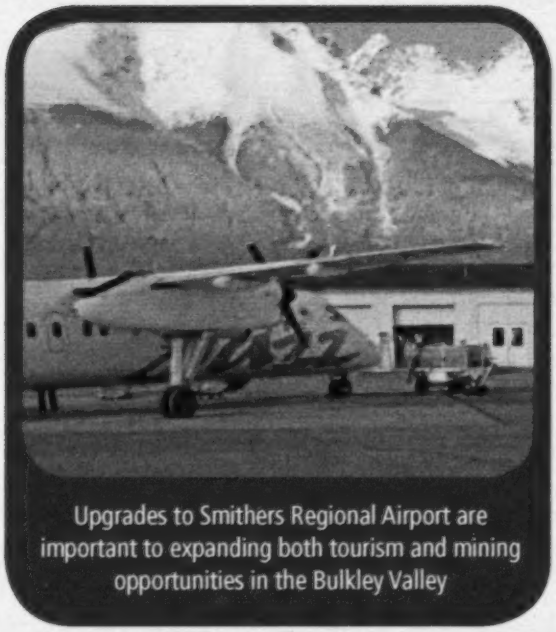


QUEST-West generated new geoscience data covering 40,000 square kilometres from Vanderhoof-Fort St James to Terrace, BC

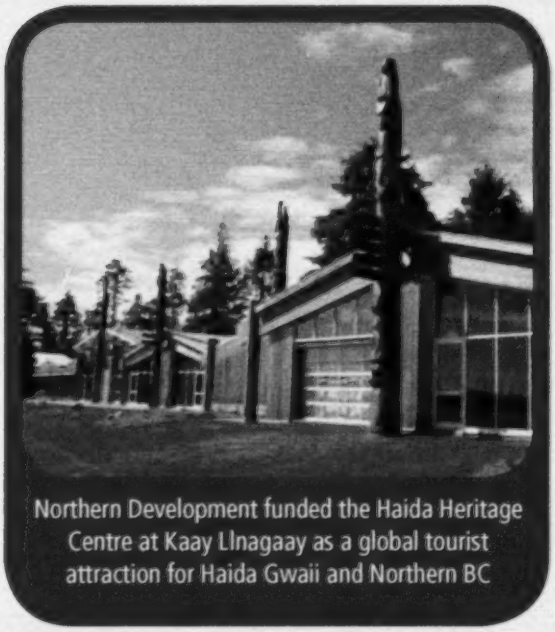
Improvements to the 99 Mile Ski Trails have positioned the facility for major winter sports event hosting in 100 Mile House, BC

A new power line along Highway 37 has the potential to spur $15 Billion in mining and clean power projects in northwest BC

Improvements to the Sam Lindsay Aquatic Centre – a recent major infrastructure project in Kitimat funded by Northern Development



Upgrades to Smithers Regional Airport are important to expanding both tourism and mining opportunities in the Bulkley Valley



Northern Development funded the Haida Heritage Centre at Kaay Llnagaay as a global tourist attraction for Haida Gwaii and Northern BC

Training community staff in economic development and industry attraction

In partnership with the Government of Canada and Province of British Columbia, Northern Development provided an $11 Million loan for expansion of the Prince George Airport

ECONOMIC DEVELOPMENT PROJECTS APPROVED

	APPROVED AMOUNT	TOTAL PROJECT VALUE
2005-2007 PROJECT APPROVALS - 105 Projects	**$33,025,466**	**$213,051,823**

2008 PROJECT APPROVALS

CARIBOO-CHILCOTIN/LILLOOET REGIONAL DEVELOPMENT ACCOUNT

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
100 Mile Nordic Ski Society	Replacement of 100 Mile Nordic Ski Society Snowcat	GRANT	$13,000	$148,000
108 Mile Ranch Community Association	Upgrades to 108 Mile Ranch Community Hall	GRANT	$4,209	$12,727
Barkerville Heritage Trust	Reinstatement of Retail Vehicle Fuel Service-Wells/Barkerville	GRANT	$30,000	$102,610
District of Logan Lake	Logan Lake Emergency Preparedness Centre	GRANT	$14,000	$50,000
District of Logan Lake	Logan Lake Community Foundation	GRANT	$50,000	$100,000
Village of Ashcroft	Portable Performance Staging System	GRANT	$42,850	$150,000
Village of Lytton	Bringing the Challenger Map to Lytton	GRANT	$18,000	$63,000
SUB TOTAL CARIBOO-CHILCOTIN / LILLOOET REGIONAL DEVELOPMENT ACCOUNT			**$172,059**	**$626,337**

CROSS REGIONAL ACCOUNT

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
Competitiveness Consulting Program Client	Human Resources Consulting	GRANT	$30,000	$60,000
Competitiveness Consulting Program Client	Marketing, Exports and Production Consulting	GRANT	$2,750	$5,500
Competitiveness Consulting Program Client	Human Resources Consulting	GRANT	$5,450	$10,900
Competitiveness Consulting Program Client	Human Resources Consulting	GRANT	$5,250	$10,500
Competitiveness Consulting Program Client	Process Optimization Consulting	GRANT	$4,000	$8,000
Competitiveness Consulting Program Client	Production Assessment Consulting	GRANT	$7,125	$14,250
Competitiveness Consulting Program Client	Business Processes Consulting	GRANT	$9,250	$18,500
Competitiveness Consulting Program Client	Business Transition Consulting	GRANT	$5,975	$11,950
Competitiveness Consulting Program Client	Manufacturing Processes Consulting	GRANT	$7,750	$15,500
Competitiveness Consulting Program Client	ISO 9001 Consulting	GRANT	$938	$1,875
Competitiveness Consulting Program Client	Health and Safety Consulting	GRANT	$6,100	$12,200
Competitiveness Consulting Program Client	ISO 9001 Consulting	GRANT	$2,025	$4,050
Competitiveness Consulting Program Client	Business Transition Consulting	GRANT	$3,650	$7,300
Competitiveness Consulting Program Client	Strategic Marketing Consulting	GRANT	$3,000	$6,000
Competitiveness Consulting Program Client	Strategic Marketing Consulting	GRANT	$7,750	$15,500
Competitiveness Consulting Program Client	Strategic Marketing Consulting	GRANT	$8,250	$16,500
Competitiveness Consulting Program Client	Strategic Planning Consulting	GRANT	$14,700	$29,400
Competitiveness Consulting Program Client	ISO 14000 Consulting	GRANT	$2,350	$4,700

CROSS REGIONAL ACCOUNT CONTINUED...

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
Competitiveness Consulting Program Client	Marketing Strategy Consulting	GRANT	$14,348	$28,695
Competitiveness Consulting Program Client	Human Resources Management Recruitment Consulting	GRANT	$2,800	$5,600
Competitiveness Consulting Program Client	Business Transition Consulting	GRANT	$9,125	$18,250
Competitiveness Consulting Program Client	Diagnostic Analysis of Business Case	GRANT	$17,250	$34,500
Central Coast Regional District	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
City of Dawson Creek	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
City of Dawson Creek	Wind Turbine Manufacturing - Industry Attraction	GRANT	$9,525	$19,050
City of Fort St John	2008 Economic Development Capacity Building Funding	GRANT	$30,000	$30,000
City of Prince George	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
City of Prince Rupert	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
City of Quesnel	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
City of Terrace	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
City of Terrace	Aluminum Manufacturing - Industry Attraction	GRANT	$12,500	$25,000
City of Terrace	Wind Turbine Manufacturing - Industry Attraction Funding	GRANT	$8,350	$17,535
City of Williams Lake	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of 100 Mile House	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of 100 Mile House	Grant Writing Support Program	GRANT	$7,500	$10,000
District of Chetwynd	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Fort St James	Grant Writing Support Program	GRANT	$6,357	$8,857
District of Fort St James	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Kitimat	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Lillooet	Grant Writing Support Program	GRANT	$7,500	$10,000
District of Lillooet	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Logan Lake	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Logan Lake	Grant Writing Support Program	GRANT	$7,500	$10,000
District of Mackenzie	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Mackenzie	Building Products - Industry Attraction	GRANT	$6,016	$6,949
District of New Hazelton	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Port Edward	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Port Edward	Grant Writing Support Program	GRANT	$7,500	$10,000
District of Stewart	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Stewart	Grant Writing Support Program	GRANT	$7,500	$10,000
District of Taylor	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Vanderhoof	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Wells	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
District of Wells	Grant Writing Support Program	GRANT	$7,500	$10,000
Mining Association of British Columbia	North-West Power Line Business Case	GRANT	$30,000	$10,488,500
Northern Development Initiative Trust	Industry Attraction Training	GRANT	$15,999	$32,000
Northern Rockies Regional District	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Peace River Regional District	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Prince Rupert Port Authority	Loading and Logistics of Exports and Imports	GRANT	$20,000	$140,000
Regional District of Bulkley-Nechako	Grant Writing Support Program	GRANT	$7,500	$10,000
Regional District of Bulkley-Nechako	2008 Economic Development Capacity Building Funding	GRANT	$30,000	$30,000
Regional District of Fraser-Fort George	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Skeena-Queen Charlotte Regional District	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Skeena-Queen Charlotte Regional District	Grant Writing Support Program	GRANT	$7,500	$10,000
Skidegate Band Council	Haida Heritage Centre - Cross Regional Application	GRANT	$1,500,000	$10,683,368
Thompson-Nicola Regional District	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Town of Smithers	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Ashcroft	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Burns Lake	Grant Writing Support Program	GRANT	$7,500	$10,000
Village of Burns Lake	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Cache Creek	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000

CROSS REGIONAL ACCOUNT CONTINUED...

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
Village of Clinton	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Fraser Lake	2008 Economic Development Capacity Building Funding	GRANT	$30,000	$30,000
Village of Granisle	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Hazelton	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Lytton	2008 Economic Development Capacity Building Funding	GRANT	$30,000	$30,000
Village of Masset	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of McBride	Grant Writing Support Program	GRANT	$7,500	$10,000
Village of McBride	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Port Clements	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Port Clements	Grant Writing Support Program	GRANT	$7,500	$10,000
Village of Pouce Coupe	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Queen Charlotte	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Queen Charlotte	Grant Writing Support Program	GRANT	$7,500	$10,000
Village of Telkwa	2008 Economic Development Capacity Building Funding	GRANT	$35,000	$35,000
Village of Valemount	2008 Economic Development Capacity Building Funding	GRANT	$32,500	$32,500
Village of Valemount	Grant Writing Support Program	GRANT	$7,500	$10,000
Capital Investment and Training Rebate				
Allterra Ltd.	New Kitchen Cabinetry and Countertop Manufacturing Facility	ELIGIBLE	$14,825	$32,700
SUB TOTAL CROSS REGIONAL ACCOUNT			**$3,373,407**	**$23,406,129**

NORTHEAST REGIONAL DEVELOPMENT ACCOUNT

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
City of Dawson Creek	Market and Financial Feasibility Study - Old Post Office	GRANT	$15,600	$55,000
District of Chetwynd	Chetwynd Community Foundation-Matching Grants	GRANT	$50,000	$100,000
Energy Industry Services Association of BC	Business Development Initiative	GRANT	$206,250	$909,188
Northeast Regional Community Foundation	Northeast Regional Community Foundation Funding	GRANT	$100,000	$200,000
SUB TOTAL NORTHEAST REGIONAL DEVELOPMENT ACCOUNT			**$371,850**	**$1,264,188**

NORTHWEST REGIONAL DEVELOPMENT ACCOUNT

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
Bella Coola Valley Ridge Riders Horse Club	BCVRR Rodeo Grounds Improvement Project	GRANT	$30,000	$120,000
Central Coast Chamber of Commerce	Central Coast Enterprise and Tourism Centre	GRANT	$30,000	$234,000
City of Terrace	Terrace Airport Lands and Poly Silicon Industry	GRANT	$5,714	$20,000
District of Houston	Houston Endowment Fund	GRANT	$10,000	$20,000
Mount Moresby Adventure Camp Society	Mount Moresby Adventure Camp Upgrades	GRANT	$20,000	$522,803
Old Massett Village Council	Old Massett Community Kitchen	GRANT	$30,000	$897,355
Round Lake Community Association	Round Lake Hall Upgrades	GRANT / LOAN	$45,000	$238,940
Skeena-Queen Charlotte Regional District	Oona River Multi-Purpose Facility	GRANT	$30,000	$201,065
SUB TOTAL NORTHWEST REGIONAL DEVELOPMENT ACCOUNT			**$200,714**	**$2,254,163**

NORTHWEST POWERLINE COALITION FUNDS

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
Northwest Power Line Coalition	Northwest Power Line Business Case	GRANT	$229,250	$229,250
SUB TOTAL NORTHWEST POWERLINE COALITION FUNDS			**$229,250**	**$229,250**

PINE BEETLE RECOVERY ACCOUNT

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
Alexis Creek Community Club	Alexis Creek Information Centre	GRANT	$40,000	$150,000
British Columbia Community Forest Association	Opening New Doors: Branding BC's Community Forests	GRANT	$14,500	$106,000
British Columbia Forage Council	Cariboo-Chilcotin Perennial Forage Variety Trials	GRANT	$20,000	$92,000
Burns Lake Mountain Biking Association	Mountain Biking Trail Development Project	GRANT	$60,000	$273,611
Cariboo Central Interior Poultry Producers Assoc.	Quesnel Mobile Poultry Slaughter Facility Project	GRANT	$105,137	$385,911
Cariboo Kart Racers	Cariboo Raceway Park Marketing & Infrastructure Develop.	GRANT	$10,000	$73,000
City of Quesnel	Cariboo Culture, Heritage & Visitor Centre-Phase 2	GRANT	$20,000	$320,000
College of New Caledonia - Mackenzie Campus	Heavy Equipment Operator Program	GRANT	$200,000	$703,379
College of New Caledonia - Nechako Campus	Feasibility Study - Vanderhoof Professional Pilot Program	GRANT	$17,806	$74,095
District of 100 Mile House	Agriculture Enterprise Development Centre	GRANT	$11,000	$110,000
District of 100 Mile House	Cariboo Region Trail Maintenance and Promotion	GRANT	$24,000	$240,000
District of 100 Mile House	100 Mile House Industrial Hemp Fibre Commercial Scale Pilot	GRANT	$36,000	$297,850
District of Mackenzie	Fort St. James-Mackenzie Connector	GRANT	$60,000	$594,000
District of Vanderhoof	Vanderhoof Downtown Revitalization 2008 Project	GRANT	$247,000	$882,150
District of Vanderhoof	Biomass Commercialization Feasibility	GRANT	$20,000	$200,000
District of Vanderhoof	Sportfield and Stadium Project Phase One	GRANT	$336,000	$1,360,000
District of Vanderhoof	Vanderhoof Airport Lighting and Navigation Project	GRANT	$466,146	$1,631,510
District of Wells	Wells Mountain Trail Project	GRANT	$80,000	$250,000
Fireweed Collective Society	Fireweed Community Kitchen, Construction Phase	GRANT	$20,000	$120,000
Fort St James Chamber of Commerce	Embracing our Roots Downtown Revitalization Project	GRANT	$30,000	$1,685,800
Gold Country Communities Society	Geotourism Program	GRANT	$81,070	$312,300
Northwest Community College	NWCC School of Exploration and Mining-Mobile Training	GRANT	$100,000	$410,432
Quesnel & District Chamber of Commerce	Rocky Mountaineer Regional Media Project	GRANT	$20,000	$94,500
Quesnel Community and Economic Dev. Corp.	Quesnel Farmers Market Site Improvements	GRANT	$40,000	$153,000
Quesnel Community and Economic Dev. Corp.	Quesnel Bulk Water Metering	GRANT	$145,000	$370,000
Quesnel Community and Economic Dev. Corp.	Quesnel Community Marketing	GRANT	$55,000	$201,500
Quesnel Community and Economic Dev. Corp.	Campbell Crescent Light Industrial Land Development	GRANT / LOAN	$53,500	$248,000
Quesnel Community and Economic Dev. Corp.	Airport Land Development Plan	GRANT	$9,500	$34,500
Quesnel Community and Economic Dev. Corp.	Multicentre planning and design	GRANT	$20,000	$320,000
Regional District of Bulkley-Nechako	Waste to Energy Feasibility Study	GRANT	$10,000	$150,000
Regional District of Bulkley-Nechako	Regional Geoscience Survey-QUEST West	GRANT	$1,150,000	$5,800,000
Regional District of Fraser-Fort George	Beneficial Use of Landfill Gas for Greenhouse Study	GRANT	$7,500	$75,000
Regional District of Fraser-Fort George	Prince George Area Industrial Land Profile	GRANT	$30,000	$289,740
Smithers Community Services Association	Moricetown Supported Work/Manufacturing Centre	GRANT	$100,000	$578,603
University of Northern BC	Market Research For Commercialization of Wood Concrete Products	GRANT	$20,000	$197,482
University of Northern BC	Development of Imaging Technology using Terahertz Radiation	GRANT	$200,000	$937,300
Upper Nechako Wilderness Council	Upper Nechako Wilderness Council Tourism Promotion Project	GRANT	$20,000	$184,940
Village of Ashcroft	Kickstarting Tourism	GRANT	$30,000	$127,700
Village of Cache Creek	Tourism Strategy 2008 and Beyond	GRANT	$34,881	$129,189
Village of Fraser Lake	Village of Fraser Lake Southside Development	GRANT	$170,000	$2,280,000
Village of Valemount	Valemount Downtown Revitalization	GRANT	$300,000	$1,951,000
Capital Investment and Training Rebate				
Asia Canada Forest Products	Sawmill Job Creation To Support Asian Market Expansion	ELIGIBLE	$300,000	$6,880,965
Conifex Inc.	Fort St. James Sawmill	ELIGIBLE	$2,465,759	$15,216,154
Northern Extreme Bioenergy Corporation	Biodiesel Production Facility Startup	ELIGIBLE	$41,331	$303,080
The BID Group of Companies	Biomass and Institutional Heating Product Manufacturing	ELIGIBLE	$120,000	$889,100
SUB TOTAL PINE BEETLE RECOVERY ACCOUNT			**$7,341,130**	**$47,683,791**

PRINCE GEORGE REGIONAL DEVELOPMENT ACCOUNT

APPLICANT	PROJECT DESCRIPTION	FUNDING TERMS	APPROVED AMOUNT	TOTAL PROJECT VALUE
City of Prince George	City of Prince George Endowment Fund	GRANT	$50,000	$300,000
Fort St James Ski Club-Murray Ridge Ski Area	Murray Ridge Ski Area Redevelopment	GRANT / LOAN	$30,000	$493,240
Prince George Airport Authority	Prince George Airport "Air Cargo Development Marketing Plan"	GRANT	$20,000	$105,200
Smart Growth B.C.	Smart Growth on the Ground in Prince George	GRANT	$125,000	$507,000
Village of McBride	McBride Community Fund	GRANT	$50,000	$100,000
Village of McBride	Eco-Sensitive Solution to Wastewater Treatment Expansion	GRANT	$70,000	$2,058,794
SUB TOTAL PRINCE GEORGE REGIONAL DEVELOPMENT ACCOUNT			**$345,000**	**$3,564,234**

	APPROVED AMOUNT	TOTAL PROJECT VALUE
2008 PROJECT APPROVALS - 158 PROJECTS	**$12,033,410**	**$79,028,092**
PROJECT APPROVALS SINCE INCEPTION TO DECEMBER 31, 2008 - 263 PROJECTS	**$45,058,876**	**$292,079,915**

Market Investment Performance

Northern Development's market investments are held in a conservative balanced portfolio. In 2008, the investment portfolio values were lower on undistributed funds the Trust is governing. Returns in a balanced portfolio are generally positive however, there are periods in the economic cycle where returns can be negative; 2008 was one such period. For 2008, the overall portfolio recorded a return of -14.5%. Investment income which comprises interest, dividends, and capital gains was $7.8 million however, combined with the revaluation of the portfolio to market, on December 31, 2008 the overall portfolio value declined on paper by -$27.3 million. A closely monitored minimum of three years of estimated cash flow requirements for administration and project disbursements are held in money markets and short term fixed income funds, to ensure that there is no requirement or pressure to sell any equities with low valuations and crystallize losses. 2008 was a year of unusual volatility and lower equity prices, and it is expected that markets will return to more normal values in the future. In the first few months of 2009, investment returns are positive by over $4.5 million.

The Board takes its fiduciary responsibilities seriously and has subscribed to the best practices of monitoring Northern Development's investment portfolio on a quarterly basis and benchmarking performance against comparable portfolios. The investment funds of Northern Development are managed by SEI Investments Canada Company, and performance due diligence is completed by AON Canada on a periodic basis. The most recent review by AON of SEI Canada's performance from 2006 through 2008 was presented to the Board in March 2009.

There are seven accounts: the Operating Endowment, Cross Regional, Pine Beetle Recovery, and the four regional development accounts, Northeast, Northwest, Cariboo-Chilcotin/Lillooet, and Prince George. All accounts of Northern Development except the Operating Endowment are split between a short term pool and a long term pool. The short term pool is determined by the estimated net cash requirements for the upcoming three year period and is invested in very liquid fixed income instruments to ensure preservation of capital and cash availability to fund upcoming project requirements. The remaining balance of each account is then considered a long term pool and is invested in a diversified asset allocation for longer term growth and sustainability. The Operating Endowment account does not require a short term pool for project funding and is therefore invested in funds that represent a balanced portfolio for both a steady stream of interest income and long term capital appreciation.

An objective for the long term pool is to achieve an annual rate of return on market investments of 6% while minimizing investment risk in order to support the sustainability of Northern Development. The objective for the short term pool is to preserve capital and ensure cash is available for at least three years of project funding, while exceeding the DEX Short Term Corporate Bond Index.

Fund Balances as at December 31, 2008

Operating Endowment	**$25,632,398**
Cross Regional	**$47,470,112**
Cariboo-Chilcotin/Lillooet	**$15,522,073**
Prince George	**$19,041,949**
Northwest	**$17,002,281**
Northeast	**$18,189,063**
Pine Beetle Recovery	**$23,800,848**
Other Trust Funds	**$153,396**
Total Fund Balance	**$166,812,120**

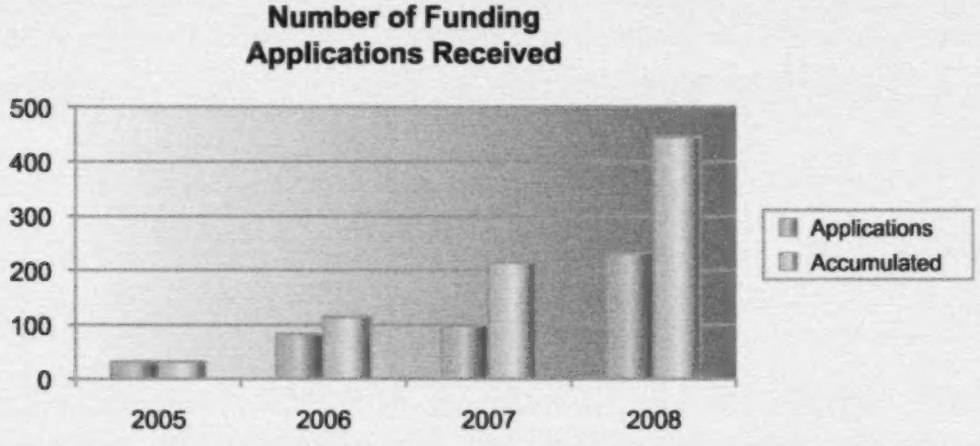
Administration Costs

Investment income generated in the Operating Endowment account is utilized for the expenses associated with the operations of Northern Development including program design and promotion, staff costs, office space, general administrative costs, and meeting costs associated with the Board of Directors, the four regional advisory committees, and the Pine Beetle Task Team. Total administration costs represent 0.61% of assets which meet the Board's goal of maintaining very low administrative costs in comparison to other foundations and trusts of a similar size across North America.

Operating Endowment Account

	2005	2006	2007	2008
Administration, Board and Regional Advisory Committee Costs	$642,414	$862,732	$898,388	$1,128,225
Administration Costs as Percent of Average Trust Assets	0.34%	0.43%	0.44%	0.61%

Administration costs include wages and benefits for Northern Development staff. 2008 saw a significant surge in funding applications from communities, First Nations, non-profits and businesses, along with a number of new programs introduced. Project intake has grown each year, and has accumulated to a total of 446 applications since inception. In 2008 alone, 232 applications were received and it is anticipated that in excess of 300 new applications will be received in 2009. On the approved project list, 263 projects are either completed or underway.



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AUDITORS' REPORT

To the Board of Directors of
Northern Development Initiative Trust

We have audited the balance sheet of Northern Development Initiative Trust as at December 31, 2008 and the statements of operations and fund balance and cash flow for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Prince George, British Columbia
February 20, 2009

NORTHERN DEVELOPMENT INITIATIVE TRUST
STATEMENT OF OPERATIONS AND FUND BALANCE
year ended December 31, 2008

	Unrestricted	Endowment		
	Operating	Operating Endowment Account	Cross Regional Account	Pine Beetle Recovery Account
REVENUE				
Investment income	$ 1,161,781	$ -	$ 2,099,316	$ 1,365,735
Interest income - project loans	-	-	226,308	-
Corporate contributions	-	-	-	-
Other income/recoveries	10,134	-	-	-
	1,171,915	-	2,325,624	1,365,735
EXPENDITURES				
Board costs	39,802	-	-	-
Capital expenditures	23,880	-	-	-
Communication	37,127	-	-	-
Consulting	50,013	-	-	-
Direct project costs	-	-	9,640	25,789
Finance Committee	-	-	-	-
General administration and office	308,890	-	-	-
Insurance	19,430	-	-	-
Legal and accounting	17,284	-	-	-
Regional advisory committees	34,310	-	-	-
Revaluation of investments at market	4,722,332	-	9,520,217	5,507,546
Salaries and benefits	597,489	-	-	-
	5,850,557	-	9,529,857	5,533,335
Grants and loans (Schedule 1)	-	-	9,897,505	966,897
Less: Repayable portion	-	-	(8,068,323)	-
Net grants	-	-	1,829,182	966,897
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE	(4,678,642)	-	(9,033,415)	(5,134,497)
FUND BALANCE, BEGINNING OF YEAR	1,311,040	25,000,000	56,503,527	32,935,345
TRANSFERS TO (FROM)	4,000,000			(4,000,000)
FUND BALANCE, END OF YEAR	$ 632,398	$ 25,000,000	$ 47,470,112	$ 23,800,848

Restricted					Total	
Cariboo-Chilcotin Lillooet Regional Development Account	Northwest Regional Development Account	Northeast Regional Development Account	Prince George Regional Development Account	Other Trust Funds	2008	2007
$ 775,124	$ 759,418	$ 943,825	$ 706,913	$ 3,938	$ 7,816,050	$ 9,690,847
137	-	-	-	-	226,445	5,402
-	-	-	-	259,250	259,250	-
-	-	-	-	-	10,134	4,561
775,261	759,418	943,825	706,913	263,188	8,311,879	9,700,810
-	-	-	-	-	39,802	34,076
-	-	-	-	-	23,880	15,100
-	-	-	-	-	37,127	2,544
-	-	-	-	-	50,013	20,545
2,571	2,308	1,463	2,761	-	44,532	-
-	-	-	-	-	-	-
-	-	-	-	-	308,890	295,189
-	-	-	-	-	19,430	19,370
-	-	-	-	-	17,284	18,894
-	-	-	-	-	34,310	26,157
3,744,583	3,055,426	4,704,871	3,848,381	-	35,103,356	5,722,061
-	-	-	-	-	597,489	466,513
3,747,154	3,057,734	4,706,334	3,851,142	-	36,276,113	6,620,449
469,613	3,326,327	408,500	479,363	109,792	15,657,997	6,700,726
-	(1,744,841)	-	(524,000)	-	(10,337,164)	(4,288,000)
469,613	1,581,486	408,500	(44,637)	109,792	5,320,833	2,412,726
(3,441,506)	(3,879,802)	(4,171,009)	(3,099,592)	153,396	(33,285,067)	667,635
18,963,579	20,882,083	22,360,072	22,141,541	-	200,097,187	199,429,552
					-	-
$ 15,522,073	$ 17,002,281	$ 18,189,063	$ 19,041,949	$ 153,396	$ 166,812,120	$ 200,097,187

NORTHERN DEVELOPMENT INITIATIVE TRUST
BALANCE SHEET
as at December 31, 2008

	Unrestricted	Endowment		
	Operating	Operating Endowment Account	Cross Regional Account	Pine Beetle Recovery Account
CURRENT ASSETS				
Cash	$ 11,745	$ -	$ -	$ -
Miscellaneous receivables	44,532	-	239,211	-
GST receivable	-	-	-	-
Prepaid expenses	20,164	-	-	-
Current portion of loans receivable (Note 3)	-	-	-	-
	76,441	-	239,211	-
LOANS RECEIVABLE (Note 3)	-	-	9,290,323	-
INVESTMENTS (Note 4)	654,801	25,000,000	37,950,219	23,826,637
CAPITAL ASSETS (Note 5)	42,032	-	-	-
	$ 773,274	$ 25,000,000	$ 47,479,753	$ 23,826,637
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 98,844	$ -	$ 9,641	$ 25,789
Contingencies (Note 8)				
Commitments (Note 9)				
FUND BALANCES				
Operating				
Endowment fund (Note 6)	-	25,000,000	-	-
Externally restricted - uncommitted	-	-	45,367,635	23,527,078
Externally restricted - committed (Schedule 1)	-	-	2,102,477	273,770
Unrestricted	632,398	-	-	-
	632,398	25,000,000	47,470,112	23,800,848
Capital				
Invested in capital assets (Note 7)	42,032	-	-	-
	674,430	25,000,000	47,470,112	23,800,848
	$ 773,274	$ 25,000,000	$ 47,479,753	$ 23,826,637

APPROVED BY THE BOARD

Director

Director

Restricted					Total	
Cariboo-Chilcotin Lillooet Regional Development Account	Northwest Regional Development Account	Northeast Regional Development Account	Prince George Regional Development Account	Other Trust Funds	2008	2007
$ -	$ -	$ -	$ -	$ 153,396	$ 165,141	$ 45,106
-	-	-	-	-	283,743	55,402
-	-	-	-	-	-	16,152
-	-	-	-	-	20,164	19,883
16,039	667,356	-	880,000	-	1,563,395	1,338,395
16,039	667,356	-	880,000	153,396	2,032,443	1,474,938
24,992	3,477,485	-	1,820,000	-	14,612,800	5,610,636
15,491,112	12,859,749	18,190,525	16,344,710	-	150,317,753	193,132,066
-	-	-	-	-	42,032	55,223
$ 15,532,143	$ 17,004,590	$ 18,190,525	$ 19,044,710	$ 153,396	$ 167,005,028	$ 200,272,863
$ 10,070	$ 2,309	$ 1,462	$ 2,761	$ -	$ 150,876	$ 120,453
-	-	-	-	-	25,000,000	25,000,000
15,133,623	16,130,427	17,946,013	19,012,949	153,396	137,271,121	154,552,395
388,450	871,854	243,050	29,000	-	3,908,601	19,233,752
-	-	-	-	-	632,398	1,311,040
15,522,073	17,002,281	18,189,063	19,041,949	153,396	166,812,120	200,097,187
-	-	-	-		42,032	55,223
15,522,073	17,002,281	18,189,063	19,041,949	153,396	166,854,152	200,152,410
$ 15,532,143	$ 17,004,590	$ 18,190,525	$ 19,044,710	$ 153,396	$ 167,005,028	$ 200,272,863

NORTHERN DEVELOPMENT INITIATIVE TRUST
STATEMENT OF CASH FLOWS
year ended December 31, 2008

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditures	$ (33,285,067)	$ 667,635
Revaluation of investments at market, not affecting cash	35,103,356	5,722,061
Capital expenditures, included in operations	23,880	15,100
	1,842,169	6,404,796
Changes in non-cash operating working capital		
Increase in miscellaneous receivables	(228,341)	(54,485)
Decrease (increase) in GST receivable	16,152	(2,736)
Increase in prepaid expenses	(281)	(11)
Increase in accounts payable and accrued liabilities	30,423	53,654
	1,660,122	6,401,218
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans advanced	(10,337,301)	(4,288,000)
Repayment of loans receivable	1,110,137	33,762
Decrease (increase) in investments	7,710,957	(2,168,884)
Capital asset additions	(23,880)	(15,100)
	(1,540,087)	(6,438,222)
INCREASE (DECREASE) IN CASH	$ 120,035	(37,004)
CASH, BEGINNING OF YEAR	45,106	82,110
CASH, END OF YEAR	$ 165,141	$ 45,106

1. AUTHORITY

The Northern Development Initiative Trust is a not-for-profit organization incorporated under the Northern Development Initiative Trust Act in October 2004.

The vision of the Trust is that Northern British Columbia has world-class industries, diversified regional economies and growing, energetic communities. The mission of the Trust is to be a catalyst for Northern B.C. and grow a strong diversified economy by stimulating sustainable economic growth through strategic and leveraged investments. The British Columbia Provincial government awarded the Trust $135.0 million in 2004 and a further $50.0 million in 2005 in order to achieve these objectives.

2. SUMMARY OF ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Fund accounting

The Trust follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the organization's general activities.

The Restricted Funds, Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account and Prince George Regional Development Account report contributions restricted to activities outlined in their respective strategic plans.

Revenue recognition

Externally restricted contributions received for the Operating Endowment Account, Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account and Prince George Regional Development Account are recognized as revenue in the year received. All other externally restricted contributions received are recognized in the Operating Fund as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized when the income becomes due.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Externally restricted – committed funds

Committed externally restricted funds represent funds at year end for specific project proposals that have been approved by the Board of Directors, and the cash disbursement will not occur until a future date after year end once the conditions of the signed funding agreement are met.

Externally restricted – uncommitted funds

Uncommitted externally restricted funds represent funds not committed at year end to specific project proposals.

Grants and repayable grants

Grants and repayable grants awarded by the Trust are recognized when the conditions of the signed funding agreement are met.

Investments

Investments are recorded at market value.

Capital assets

Capital assets are recorded at cost. Amortization of equipment is calculated based on 20% for office furniture, 30% for computers and equipment, and 100% for software, using the straight-line method, over the useful life of the equipment. Amortization of leasehold improvements is based on the original lease term of 5 years.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from the use and eventual disposition of the assets. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Income taxes

No provision has been made for income taxes in these financial statements as the Trust is exempt under Paragraph 149(1)(c) of the Income Tax Act.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from the estimates.

3. LOANS RECEIVABLE

	2008	2007
Cross Regional Development Account - Prince George		
Prince George Airport Authority YXS - Airport Expansion repayable in full in 2013 including interest at 5%	**$ 9,290,323**	$ 1,222,000
Cariboo-Chilcotin Lillooet Regional Development Account		
Lac La Hache - Mount Timothy Ski Hill repayable in annual installments of $3,200 in 2009, $3,300 in 2010 and 2011, and $2,538 in 2012	**12,338**	12,338
Cariboo Regional District - Cariboo Recreational Centre repayable in two annual installments of $12,500 commencing in 2009	**25,000**	25,000
Cariboo Regional District - 100 Mile House Rotary Agriplex Cariboo Regional District - Cariboo Recreational Centre, repayable in two annual installments of $12,500 commencing in 2008	**3,693**	3,693
Subtotal Cariboo-Chilcotin Lillooet Regional Development Account	**41,031**	41,031
Prince George Regional Development Account		
Village of Valemount Visitor Information Centre - repayable in annual installments of $30,000 in 2010 and 2012	**60,000**	90,000
City of Prince George - Northern Sport Centre repayable in annual installments of $500,000 in 2009 - 2011	**1,500,000**	1,720,000
Fraser-Fort George Regional District - Northern Sport Centre repayable in annual installments of $250,000 in 2009 - 2011	**750,000**	860,000
City of Prince George - CN Centre Display System repayable in annual installments of $130,000 in 2009 - 2011	**390,000**	416,000
Subtotal Prince George Regional Development Account	**2,700,000**	3,086,000
Balance forward	**$ 12,031,354**	$ 4,349,031

3. LOANS RECEIVABLE (continued)

	2008	2007
Balance forward	**$ 12,031,354**	$ 4,349,031
Northwest Regional Development Account		
City of Terrace - Terrace Sportsplex repayable in annual installments of $500,000 in 2009, $350,000 in 2010 - 2012 and $750,000 in 2013	**2,300,000**	2,200,000
District of Kitimat - Sam Lindsay Memorial Pool Refit repayable in annual installments of $162,356 in 2009 through 2015 and $63,508 in 2016	**1,200,000**	4,00,000
Town of Smithers - Smithers Airport Runway Extension repayable in full in 2011	**120,132**	-
Skidegate Band Council - Haida Heritage Center repayable in full in 2013, secured by $500,000 standby letter of credit	**499,709**	-
Round Lake Community Association - Round Lake Community Hall Upgrades repayable in annual installments of $5,000 in 2009, $2,000 in 2010 - 2012 and $14,000 in 2013, secured by registered mortgage on specific property	**25,000**	-
Subtotal Northwest Regional Development Account	**4,144,841**	2,600,000
	16,176,195	6,949,031
Current portion	**1,563,395**	1,338,395
	$ 14,612,800	$ 5,610,636

The above loans were issued under funding agreements and other than the loan to Prince George Airport Authority YXS, are non-interest bearing.

4. INVESTMENTS

The Trust's investments are held with SEI Investments Canada Co. in the following funds:

	2008	2007
SEI Investments Canada Co.	**$ 150,317,753**	$ 193,132,066

The annual weighted average rate of return for 2008 was negative 14.5% and positive 2.3% for 2007. The investments are valued at current market value and accordingly have been reduced by $35,103,356 in 2008 to reflect market value.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2008 Net Book Value	2007
Operating fund				
Equipment	$ 159,998	$ 119,421	$ 40,577	$ 53,547
Leasehold improvements	2,210	755	1,455	1,676
	$ 162,208	$ 120,176	$ 42,032	$ 55,223

The Trust acquired capital assets at a cost of $24,065 during 2008 and $15,100 during 2007.

6. ENDOWMENT FUND

The Endowment Fund was set up to receive proceeds of $25,000,000 from the Government of British Columbia in terms of the Northern Development Initiative Trust Act ("NDIT Act"). Interest or other income earned from the money invested may be used to cover operating expenses incurred by the directors and officers of the Trust to perform their obligations under the NDIT Act. Income earned on the endowment is recorded fully in the Operating Fund. Included in operations is investment income of $1,161,781 and revaluation of investment at market of $4,722,322 for the year ended December 31, 2008.

7. INVESTED IN CAPITAL ASSETS

Change in invested in capital assets is as follows:

	2008	2007
Opening balance	$ 55,223	$ 62,832
Add investment in capital asset additions	24,065	15,100
Less capital asset disposals - net book value	(167)	-
Less amortization	(37,089)	(22,709)
Closing balance	$ 42,032	$ 55,223

8. CONTINGENCY

The Trust is contingently liable as guarantor of loans to Northwest Premium Meat Cooperative to the extent of $433,000.

9. COMMITMENTS

The Trust has entered into a five year agreement for the lease of premises. The lease agreement expires May 2010. The Trust has committed to $42,060 per annum for the lease of the premises.

10. EMPLOYEE FUTURE BENEFITS

The Trust, and its employees, contribute to the BC Public Service Pension Plan (the plan), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 55,000 active members and approximately 33,000 retired members. Active members include approximately 85 contributors from the provincial government, crown corporations, government agencies, and not-for-profit organizations.

10. EMPLOYEE FUTURE BENEFITS (continued)

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at March 31, 2008 indicated a surplus of $487 million for basic pension benefits. Since that time, financial markets have experienced significant downturn, and trustees will continue to closely monitor the impact this financial environment is having on the plan. Despite the modest surplus, the Public Service Pension Board of Trustees is required to implement a contribution rate increase to meet the funding requirements of the Pension Benefits Standards Act. This increase will go into effect on April 1, 2009 and employer contributions will rise by 0.15 per cent of salary. The next valuation will be as at March 31, 2011 with results available late in the year. The actuary does not attribute portions of the unfunded liability to individual employers. The Trust paid $44,613 for employer contributions to the plan in 2008.

11. FINANCIAL INSTRUMENTS

Fair values

Cash, miscellaneous receivables, and accounts payable and accrued liabilities are reflected in these financial statements at carrying values, which approximate fair values. The fair value of investments is $150,317,753 as at December 31, 2008. The fair value of the loans receivable is $16,176,195 as at December 31, 2008.

12. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

NORTHERN DEVELOPMENT INITIATIVE TRUST — SCHEDULE 1
SCHEDULE OF EXTERNALLY RESTRICTED - COMMITTED FUNDS
year ended December 31, 2008

Account	Total Funding Approved	Current year Disbursements	Prior Years Disbursements	2008 Outstanding Commitments	2007
Cross Regional Account	$ 14,446,092	$ 9,897,505	$ 2,446,110	$ 2,102,477	$ 10,812,290
Pine Beetle Recovery Account	1,544,070	966,897	303,403	273,770	980,597
Cariboo-Chilcotin/Lillooet Regional Development Account	4,084,030	469,613	3,225,967	388,450	1,358,123
Northwest Regional Development Account	8,170,224	3,326,327	3,972,043	871,854	5,254,079
Northeast Regional Development Account	1,092,150	408,500	440,600	243,050	320,300
Prince George Regional Development Account	4,197,553	479,363	3,689,190	29,000	508,363
Other Trust Fund Disbursements	109,792	109,792	-	-	-
TOTAL	$ 33,643,911	$ 15,657,997	$ 14,077,313	$ 3,908,601	$ 19,233,752

Northern Development Staff

Janine North – Chief Executive Officer

Bryan Lockhart – Chief Financial Officer

Brodie Guy – Economic Development Manager

Dean McKinley – Economic Development Manager

Karen Borden – Executive Coordinator

Nadine Sharma – Financial Coordinator

Jeanette Stanley – Client Services Clerk

Investment Managers

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